

Template Concept Note for Proposed Projects in an MCC Compact Program



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Concept Project: [Concept Title]

Submitted: [Country]

[Date]

A. Developmental Context [1 page]

@. Summary of binding constraints: A short description or explanation of the binding constraint identified in the constraints analysis, including other findings as relevant to the core problem that will be identified and defined in the following section.

B. Problem Diagnosis [3-4 pages]

@. Problem statement: A brief statement that identifies and defines a core problem that heavily contributes to or drives a binding constraint to economic growth and that the selected country wants to resolve through the proposed compact project. The problem statement should generally be no longer than two or three sentences. For clarity, it should be set off as a separate paragraph or otherwise highlighted.

The problem statement is the most important aspect of the Concept Note. It narrows the focus, clarifies what the selected country hopes to achieve, anchors the program logic, gives structure to the proposed concept and ultimately helps justify the request for MCC assistance. For that reason, MCC encourages selected countries to take considerable care in crafting a well-defined problem statement before writing the remainder of each Concept Note.

To be successful, the problem statement should be clear, specific and succinct. It should focus on a single, well-defined problem that is more narrow in scope (and more likely to be fully addressed or resolved through a compact program) than the binding constraint itself. It should *not* suggest or propose a solution to the problem, but should reflect a thorough understanding of the core problem.

In this section of the Concept Note, the problem statement should be accompanied by a summary of available data or other evidence, whether quantitative or qualitative, that puts the core problem into perspective. Such additional information may be used to clarify the relationship between the core problem, the binding constraint, and critical questions of economic growth and poverty alleviation. Or such additional information may be used to present a more complete picture of the core problem or the nature, frequency, degree or extent of its manifestations. Where possible, such additional information may also be used to illuminate the extent to which particular geographic areas or particular populations experience the problem in different ways. For this purpose, data and information that is

disaggregated by gender, ethnicity, age or education level may be useful.

In providing context, the selected country may also wish to introduce any relevant data or information gathered during public consultations on the binding constraints or from its consultations with business organizations, civil society organizations, women's organizations, or potential beneficiaries. The selected country may also wish to provide comparative data and information – for instance, between one group of people and the population as a whole or between one area of a country and the country as a whole.

@. *Root causes:* A more detailed discussion of the underlying factors that give rise to or cause the core problem, as identified through the root cause analysis. The discussion of root causes need not be exhaustive, but should clearly identify and describe the factors that are most critical in driving the core problem. For most economic development problems, such factors will include limitations related to regulatory, legal and policy issues; institutions and institutional culture; socio-cultural issues or behaviors; the structure of financial and other incentives; skills, training and capacity; levels of cost recovery and the maintenance and operations of key assets; and a variety of other issues, in addition to concerns about the availability of funding for capital investments.

To the extent possible, the selected country should justify and explain the critical underlying drivers with additional data or other evidence that links it to the core problem and demonstrates its nature, frequency, degree or extent. At the same time, the selected country should identify where gaps in understanding of the root causes or contributing factors exist, or where supporting data or information is incomplete, weak or unavailable.

C. *Strategic approach* [2 pages]

@. *Proposed approach:* An overview or outline of the broad, strategic approach that the selected country proposes to follow in resolving the specific core problem. At this early stage, the proposed approach should remain high level, with a focus on defining the scope and the broad outlines of a potential solution. For instance, the selected country might propose to resolve a core problem by building new infrastructure or launching new public services. Or the selected country may propose to resolve the same core problem by improving the efficiency or operations of existing infrastructure or services, or by strengthening capacity in the public entities that set policy, regulate and plan the sector. Or the selected country may view the best way to resolve the core problem as a combination of these approaches. At times, a selected country may need additional information to support a decision among multiple alternatives. In such cases, the selected country should describe the alternatives and the additional information needed.

Whatever the case, the proposed approach should demonstrate that the selected country expects to address the most critical root causes that contribute to the core problem, as identified earlier in the Concept Note. The discussion of proposed approaches or

frameworks should also reflect a knowledge and awareness of lessons learned from similar projects that governments, international development partners or other entities have undertaken in the selected country or in other similar countries, whether those projects were successful or unsuccessful.

However, this section of the Concept Note should refrain from presenting a detailed project proposal or specifying individual activities or investments. That level of detail will be explored after MCC and the selected country have agreed on the core problems, strategic approaches and primary objectives, and including detailed project ideas at this stage may complicate or delay that agreement.

D. Primary Objective [1/2 page]

@. *Objective statement:* A brief statement that identifies the overarching, long-term primary objective that the selected country expects to achieve by addressing or resolving the core problem. As with the problem statement, the objective statement should generally be no longer than two or three sentences. For clarity, it should be set off as a separate paragraph or otherwise highlighted.

To be successful, the objective statement should be clear, specific and succinct. It should focus on a single, well-defined objective that can be directly attributed to a resolution of the core problem. The objective statement should reflect a clear understanding of the outcomes that can realistically be achieved through a compact program, given the nature and extent of the problem, the scope of the proposed strategic approach, the timeline available for implementation, and other limitations. Although specific targets are not required at this early stage, the selected country should bear in mind that the primary objective must be quantified and measured as part of any compact program in later stages of the compact development process.

@. *Theory of change:* A detailed explanation of the intermediate results that link the proposed strategic approaches to the primary objective. The explanation should carefully lay out the “change pathway”—the interplay of factors, the cause-and-effect relationships, and/or the logical sequence of steps through which initial interventions quickly lead to short-term outcomes, which in time lead to medium-term outcomes, which eventually lead to the primary objective expected in the long term. The explanation need not be exhaustive, but should clearly identify and describe a complete, plausible change pathway that connects the core problem, the proposed strategic approaches and the objective. A simple logic diagram of the change pathway such as the example below should accompany the Concept Note.

Project Activities: Demand and supply-side interventions related to childhood nutrition	Short-Term Outcome: Improved nutrition among children 0-5 years	Medium-Term Outcome: Improved cognitive development among children	Long-Term Outcome: Better skilled workforce

To be successful, the theory of change should be built on a strong foundation of logic and grounded in a clear understanding of conditions that must be met or satisfied in order to achieve long-term change and the pathways through which that change will occur. It may also indicate whether change is most likely to take place in a simple, incremental, linear pattern or in a more dynamic, non-linear, dynamic or systemic manner and how changed behaviors or patterns of action will be sustained over time. Its arguments should be supported by data and information, wherever possible backed up by case studies and examples from the real world. The explanation of the theory of change should note underlying assumptions.

@. Impacts on poverty, gender outcomes and social inclusion: A brief discussion of how the theory of change relates to disadvantaged groups and the poor, including an explanation of the short, medium and long-term outcomes they are likely to experience, given the limitations of their social position, access to economic resources, and other factors.

@. Institutional roles and responsibilities [2-3 pages]

@. Policy, legal and regulatory framework: A brief description of the most important policies, statutory and customary laws and regulations, and social and cultural norms that provide the framework to the relevant sector, contribute to the core problem within the selected country or will need to undergo changes in order to reach the primary objective.

@. Relevant public institutions: A brief description and assessment of the relevant public institutions that are most likely to be involved in efforts to address the core problem. This section should cover the relevant ministries, departments and agencies, as well as any state owned corporations, regulatory bodies, or other public or quasi-public entities and should indicate changes needed in their operations in order to achieve the primary objective.

@. International development agencies: A detailed summary of any project work that multilateral and bilateral development agencies are currently undertaking in an effort to address the core problem. This section should provide a clear explanation of the role that

the selected country expects MCC funded investments to play within this context, including whether MCC funded activities would be entirely new or would build upon or link to the project work of the selected country or of other multilateral or bilateral development agencies.

@. *Private sector entities*: An explanation of how private sector entities—including both large firms and small enterprises and international and local non-governmental organizations—have attempted to address, overcome, or cope with the core problem, as well as how efforts to alleviate the core problem are likely to impact private business activity and private investment. This section should also indicate whether and how partnerships with private sector entities—including opportunities for public private partnership implementation models—could be integrated into the proposed project concept.

@. *Next steps* [1-2 pages]

@. *Data and information gaps*: A brief description of critical gaps in data and information that create uncertainty around key project development issues, such as the link between root causes and the core problem or the likely impact on poverty and economic growth, or that may otherwise impact further project development. Where such gaps in data and information exist, the selected country should propose a strategy for filling them as quickly and effectively as possible. This may include a proposal that specific studies be undertaken as part of the compact development process.